

Serving Michigan and northeast Wisconsin with...

FINANCIAL PRODUCTS AND SERVICES

Dave Armstrong, Chief Executive Officer
September 13, 2017



**Rural America's
first choice for
financial services.**

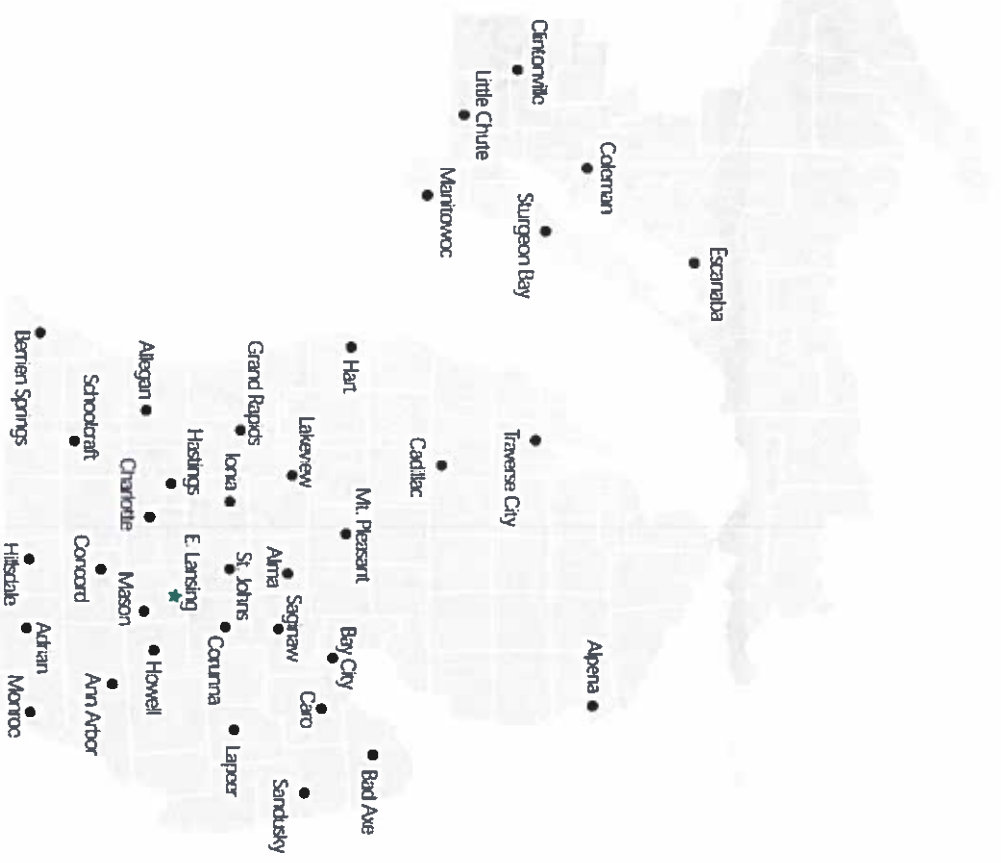
GreenStone's Mission

**Promote the business
success of our customers
and the rural community by
being the best at providing
credit and financial services.**

GreenStone's Vision

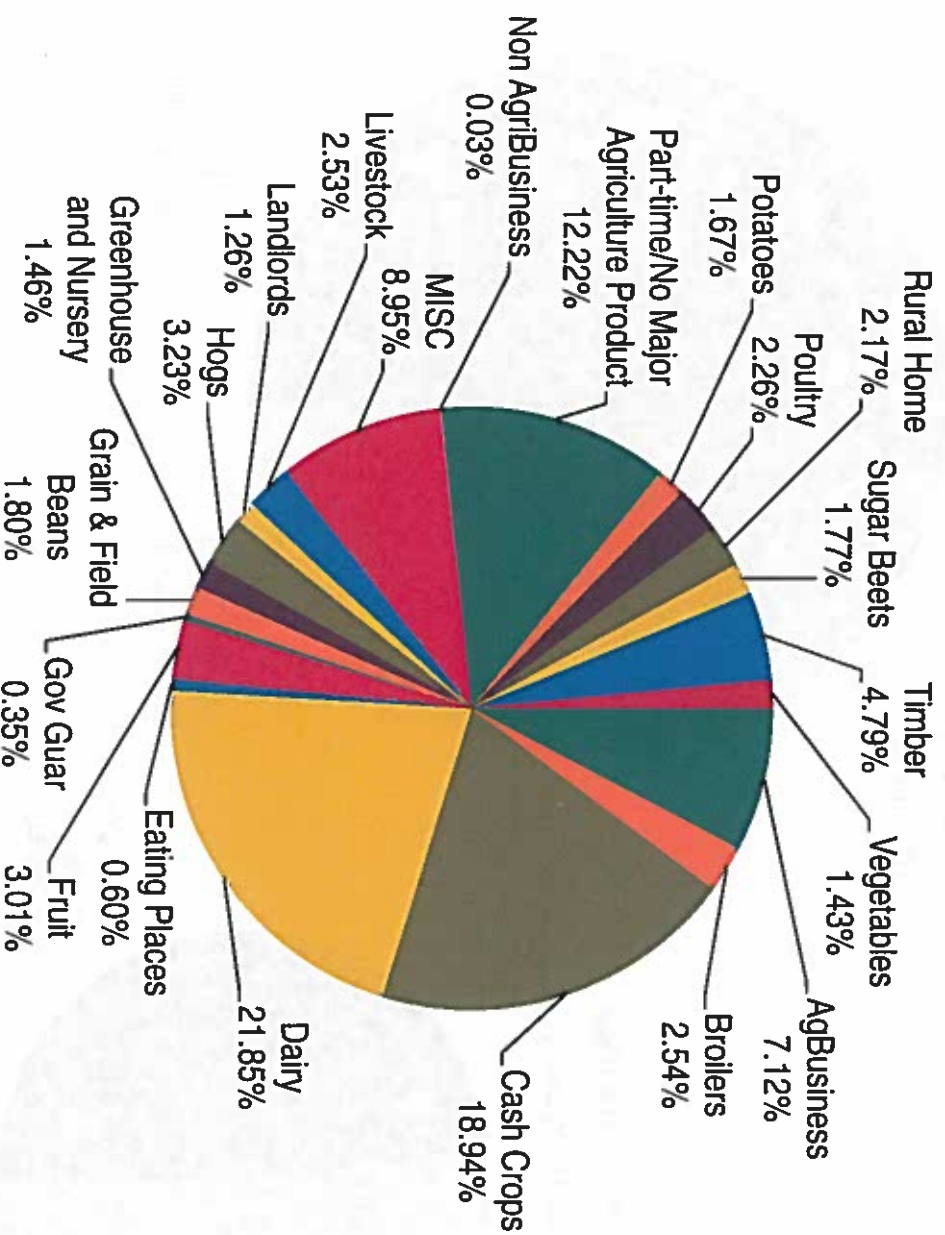
GreenStone

- ❖ Part of the nationwide Farm Credit System
- ❖ \$8 billion in assets
- ❖ 24,000 members
- ❖ \$268 million returned in patronage
- ❖ 95% customer satisfaction
- ❖ 36 local branches
- ❖ 500 employees



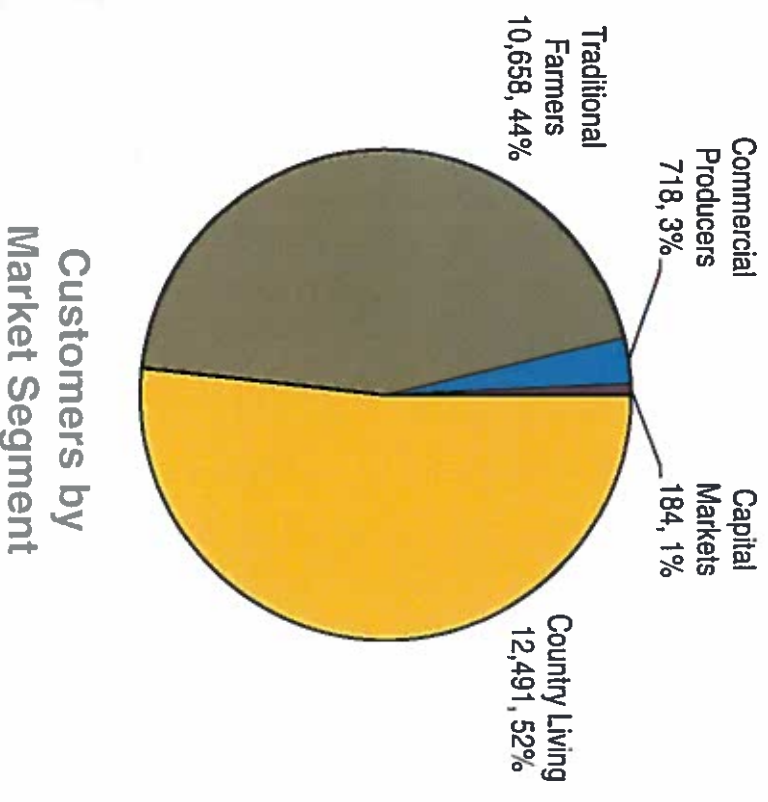
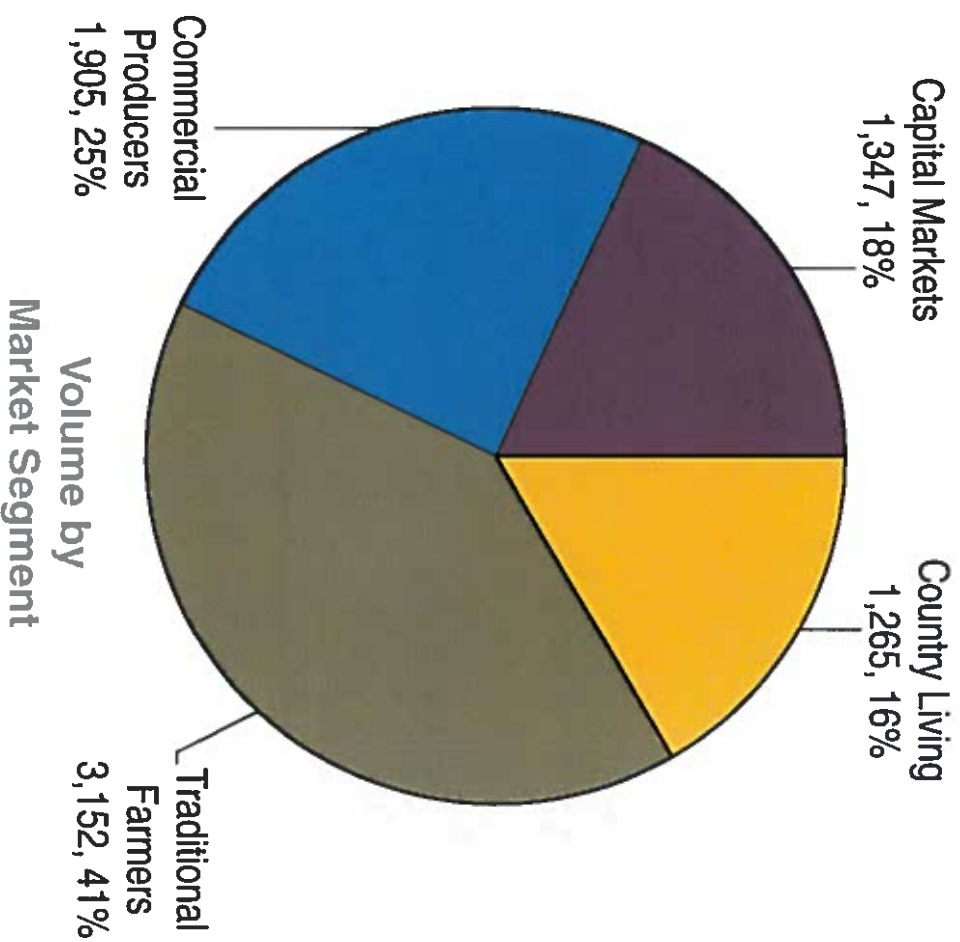
Diversified Portfolio

Volume by Enterprise



As of December 31, 2016

76% Market Share



As of December 31, 2016

Market Segments

❖ Traditional farmers

- Full-time farmers and agricultural producers
 - Farm income: > \$100,000 and < \$5 million
- Includes young, beginning and small farmers

❖ Commercial producers

- Agricultural producer: farm income > \$5 million
- AgriBusiness: farm income > \$3 million

Market Segments

❖ Capital markets

- Large agribusinesses
- Purchased participations or syndications

❖ Country living residents

- Rural residential customers with no farm income
- Part-time farmers with farm income < \$100,000

Products and Services

- ✦ Real estate lending
- ✦ Land loans
- ✦ AgriBusiness financing
- ✦ Operating lines of credit
- ✦ Construction financing
- ✦ Home mortgages
- ✦ Equipment loans
- ✦ Facility and equipment lease financing
- ✦ AgDirect
- ✦ Farm cash management accounts
- ✦ Fund held accounts
- ✦ Commercial and consumer credit cards
- ✦ Crop insurance
- ✦ Life and disability insurance
- ✦ Tax planning and preparation
- ✦ Accounting software and services
- ✦ Appraisal services

- ✦ Customer first
- ✦ Deliver quality
- ✦ Get involved
- ✦ Do the right thing

GreenStone's Values



- ✦ Receive personalized service.
- ✦ Receive immediate response to all requests.
- ✦ Receive honest, fair and impartial treatment.
- ✦ Receive confidential treatment of all information.
- ✦ Receive accurate information and advice.

Customer “Bill of Rights”

Our Outlook for Agriculture

- ✦ After a decade of record profitability ending in 2014, “back to average.”
- ✦ Currently, excess supply all commodities.
- ✦ Current correction period below trend line, followed by prolonged period of “average” prices.
- ✦ “Efficiency Cycle” low cost producers with solid balance sheets will be the winners, other things being equal.
- ✦ High cost, low equity borrowers are vulnerable.
- ✦ Interest rates are likely to increase “back to average”

Our Outlook for Agriculture

- ✦ Dairy and Row crop profitability will struggle again in 2017 and likely as far out as 2019-2020
- ✦ Profitability in the protein sector will be down across the board. Increasing production and slowing exports, due to a strong U.S. \$\$ and slowing economic conditions in export destination countries reduces consumption continues to pressure commodity prices.
- ✦ Land values have plateaued and have declined modestly in some areas.
- ✦ Challenging economic environment for all parties into the foreseeable future for our core agriculture industries and efficiency will continue to be even more critical for survival.

Summary – Positioned to Manage Change

- ❖ Institutional knowledge of how to deal with a correction cycle... “awareness and sense of urgency”
- ❖ Farm Credit prepared for this moment starting more than four years ago, “conservative & constructive lending”
- ❖ Farm Credit and banks starting from a position of financial strength, no reason to over-react
- ❖ Better information, better decisions will be made by farmers and lenders... Collaborative process
- ❖ Customer communications:
 - Transparent, timely, and respectful!